

CALIFORNIA PUBLIC UTILITIES COMMISSION
Water Division

**GUIDELINES FOR WATER UTILITIES TO FOLLOW WHEN
PROPOSING RATE INCREASES TO COVER THE COSTS
ASSOCIATED WITH WATER QUALITY IMPROVEMENT
PROJECTS**

Standard Practice U-35

San Francisco, California
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1. Purpose

The purpose of these guidelines is to provide the California Public Utilities Commission (CPUC) with the information it needs to make a decision on whether or not an increase in rates to cover the costs of Water Quality Improvement Projects (WQIPs) is justified. A WQIP is any project that is proposed by a CPUC regulated water utility for the purpose of improving its water system to the level where the drinking water supplies are being maintained in accordance with applicable drinking water standards.

2. Applicability

These guidelines are applicable to any WQIPs that fall under the CPUC's Service Improvement Policy (SIP) for Water Companies adopted on June 15, 1983. This policy considers a significant service improvement project as one that will cause the rate base of a Class A or B water utility to increase by more than 10% in a year; and the rate base of a Class C or D water utility to increase by more than 25% per year. WQIPs not falling under the SIP shall be processed according to these guidelines, if CPUC staff deems it necessary.

3. WQIP Proposal Checklist

Before the CPUC will consider a WQIP for rate treatment, the WQIP must be accompanied by detailed supporting documentation which addresses in sufficient detail the topics outlines below.

A) Extent and Nature of the Contamination

B) Sources of Water Supplies

A discussion of present and future sources of supply should be presented. In addition, the facilities related to the source of supply such as pumping facilities should be discussed.

C) Existing Facilities

This section should include a discussion of the existing water treatment facilities, storage facilities and major transportation facilities as well as distribution facilities.

D) Evaluation of Alternative Solution

Alternatives to be evaluated should include, but not be limited to:

- Purchasing treated water from another purveyor.
- Drilling new deeper wells in the same aquifer.
- Drilling new wells, which draw from an uncontaminated adjacent aquifer.
- Blending the contaminated water with water from an uncontaminated source.
- Constructing a WQIP to treat the existing contaminated source.
- Combining resources with other purveyors to construct a shared or regional WQIP.
- Conservation.
- Doing nothing.

E) WQIP Alternative Selected

The discussion in this section should include, but not be limited to, the following:

- Why the particular WQIP was selected.
- Description of the WQIP.
- Cost of the WQIP.
- Financing possibilities.
- Impact on rates.
- WQIP construction schedule.